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C O N F I D E N T I A L SECTION 01 OF 02 DUSHANBE 001128

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TAGS: [ECON](#) [EFIN](#) [EINV](#) [PGOV](#) [PREL](#) [TI](#)

SUBJECT: TAJIK GOVERNMENT TRYING TO STRONG ARM U.S. FIRM

CLASSIFIED BY: Tracey Ann Jacobson, Ambassador, U.S. Embassy,  
Dushanbe, State.

REASON: 1.4 (b)

11. (C) Summary: Although the antimony mining venture Anzob LLC privatized in 2006, the Tajik government is trying to dictate the firm's selling price and select its buyer. The First Deputy Minister of Energy and Industry admitted that a letter ordering Anzob to sell its product to a Tajik company was "wrong" and contradicted Tajik law, but has yet to issue a written retraction nullifying the order, instead reaffirming the directive orally through an official telephone message. Anzob's New Jersey-based parent company Comsup Ltd has been in contact with post about the case, and post will continue to press the Tajik government to leave Anzob alone to make its own business decisions. Unfortunately, the situation adds to growing number of examples in which the Tajik government has failed to create a level playing field, and highlights that foreign investments in Tajikistan are still subject to the government's whim. End Summary.

SO WHAT IF YOU ARE A PRIVATE COMPANY?

12. (C) Anzob has operated in Tajikistan for 15 years, first as a joint venture with the Tajik government, and more recently as a private company, mining antimony in northern Tajikistan. On June 18, the company received a letter signed by First Deputy Minister Pulod Mukhiddinov, ordering Anzob to sell certain quantities of antimony concentrate to the Tajik company "Salosa" at a below market rate and forbidding Anzob from exporting. As a private company, under Tajik law, Anzob is free to sell or export its product as it chooses. Anzob's lawyers have sent an extensive legal argument to the ministry laying out the fact that the government had no right under Tajik law to dictate any terms to Anzob. EmbOff learned that Salosa is likely connected to Anzob General Manager Kholikov and several other businessmen from the Aini district where the Anzob mine is located. Kholikov is rumored to be playing both sides, managing Anzob while also working with Salosa.

12. (C) PolOff confronted Mukhiddinov with the letter July 10, and he immediately and sheepishly acknowledged that he should not have signed the document. "It was a mistake, and we cannot tell a private company what to do." He explained that Minister Gulov had been traveling the day the letter came to him, and he signed it under the assumption that it had been vetted and cleared by other departments in the ministry. He criticized Salosa as a "bad company" with no technical capability to process antimony. He promised to issue a letter rescinding the order within days.

¶3. (C) Three weeks later, after no letter had emerged, PolOff met with Mukhiddinov again July 31. He reported that the language drafted by his staff had been insufficient and he would sign a second version soon. Meanwhile, Prime Minister Oqilov, in the name of President Rahmon, during a meeting with Sughd province officials July 21, repeated the instructions that Anzob deliver a "necessary" quantity of its product to Salosa.

PRETTY PLEASE?

¶4. (C) The Ministry delivered Anzob a "telephonogramma" August 2 that fell far short of Mukhiddinov's promise to rescind the order. (Note: A telephonogramma is not/not a letter, but an official message delivered orally by telephone, a means of communication dating to the Soviet Union. Post received from the Ministry a written version of the Tajik-language message. End Note.) The telephonogramma stated: "With the goal to support the local (motherland) small scale entrepreneurs~The Ministry of Energy and Industry requests Anzob Company to sign an agreement with Salosa Company on the supply of antimony concentrate according to Tajik law and regulation. It should be noted that the agreement to be signed shall be based on the principle that Anzob Company is a private and independent legal entity." (Comment: In other words, we'll ask nicely, but we are still asking for your antimony. End Comment.)

WHAT NOW?

¶5. (C) Post has recommended that Anzob send a letter to the government, thanking it for its suggestion, but noting that as a private company, under Tajik law it has the right to reject any partner and will not be selling Salosa any of its antimony. Post can also send a copy of the letter to the government, and raise this issue with high-level contacts.

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¶6. (C) Comment: At the risk of speculating, there appears to be a hidden relationship between Salosa and the ministry or government, and the powers behind Salosa remain unclear as well. Either Pulod Mukhiddinov himself is involved -- unlikely, given how adamant he was in the July 10 meeting that the government had no right to interfere in Anzob's business -- or, more likely, Mukhiddinov is being pressured from other parts of the ministry or government. Either way, Anzob is another sharp example of the risks a foreign business takes when operating in Tajikistan. We anticipate it will take continued high-level intervention over the coming months before the ministry gives up its cause and Anzob can export as it see fit. End Comment.  
JACOBSON